raise Gujarat Development Bonds, for funding Sardar Project;

(b) whether it is also a fact that the proposed Gujarat Development Bonds, if approved, will increase foreign exchange reserves and reduce budgetary allocations; and

(c) what are the reasons for delay in approving the Gujarat Government's request to issue Gujarat Development Bonds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c) The proposal was not found to be consistent with the Governments policy, since it involved provision of budgetary support by absorbing the foreign exchange risk and extending guarantee support.

Merger of rural banking system with Commercial Banks

897. SHRI SUKOMAL SEN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Governmentss consideration to merge the Rural Banking system with the Commercial Banks, if so, what are the details thereof; and

(b) what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Government have initiated a process of consultation for restructuring of the Regional Rural Banks (RRBs). A number of models have been worked out and effectiveness of each is being examined from all angles. This also includes the proposal for establishment of a National Rural Bank of India (NRBI), with a view to improve the viability of rural banking and increase the flow of credit to rural sector. However, no final decision has so far been taken in this regard.

*898. (*Transferred to 9th August,* 1993)

Spoiling of currency notes at RBI Jaipur

899. SHRI S. S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India at Jaipur recently lost one crore rupees because it could not decide for nearly one year whether to pay overtime allowance to a class IV employee to open the box and as a result the currency notes turned into pulp;

(b) if so what are the details thereof; and

(c) what action Government have taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) A box containing 1 lakh pieces of Rs. 10/- was received by Jaipur Office from Nasik Note Press on 25.6.92. These notes were subjected to preliminary verification on 29-6-92 and repacked as per the procedure. These notes were taken up for examination before issue over the Banks counters on 18-6-1993 when it was found that out of 100 note bundles in the box 11 bundles (11000 pieces) were fully damaged and had become pulpy. Another 28 bundles (28000 pieces) were partially damaged. The note bundles were damaged presumably due to seepage of water into the box. The RBI has reported that this incident is not due to dispute regarding payment of overtime allowance to employees.

The notes held in Bank's Issue Department vaults are treated as